

democratically elected government. It has purchased time to build a stable society. But ultimately, the fate of Haiti is in the hands of the Haitian people. In the next few months, the international community has the opportunity to give the people of Haiti a chance to forge a more decent and productive future.

JOB CREATORS

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 6, 1995

Mr. FORBES. Mr. Speaker. We in Congress are obligated to protect the interests of our small businessmen and women. These job creators make enormous contributions to the local economy on Eastern Long Island. As a Member of Congress, I will always champion the cause of small business.

The recent cap levied on travel agency commissions could devastate small business. Most travel agencies are small businesses and a significant source of employment and tax revenues for our area. I am concerned about the outrageous action taken against the travel industry. Moreover, the impact on consumers will be harmful.

I have set up a meeting with Anne Bingaman, Deputy Attorney General for Antitrust, to express my outrage and request that the Justice Department take a more active role in investigating this situation. I will be very involved in fighting to restore fairness to the travel agents.

Following is a recent article that ran in the New York Times, describing this problem:

[From the New York Times, Mar. 29, 1995]

SOME AIRLINES BREAK RANKS OVER FEES PAID TRAVEL AGENTS

(By Adam Bryant)

Several airlines, following in their long tradition of breaking collective decisions, are already starting to chip away at the industry's recent move to cap commissions for travel agents.

In early February, in a bid to cut costs, the airline industry imposed a maximum commission of \$50 on a round-trip domestic ticket. But some carriers—including Delta Air Lines, the pioneer of the limit on travel agent fees—are now offering new backdoor financial incentives that reward bigger agencies for exceeding sales goals. These moves mean some airlines are effectively giving back some of the money they said they would save when they announced the caps. Before the cap, airlines generally paid travel agents a 10 percent commission on the price of ticket.

"Continental wants all of your high-yield business—and we'll pay you for it!" reads a flier that Continental Airlines sent recently to only about one out of 10 of its travel agents. Continental, in outlining its new "Fast Cash" program, offered a \$50 "bonus payment," in addition to existing incentive programs, for costlier round-trip tickets on transcontinental flights.

Similarly, travel agents said sales representatives from Delta had visited them recently with new contracts that offered extra payments for swinging business the airline's way.

Given the fiercely competitive nature of the business, other airlines will probably follow the lead of Continental and Delta. Except for Continental, the largest airlines declined to comment yesterday on whether

such incentive programs were in place or were under consideration.

There are many implications of this new wrinkle in the way airlines compensate travel agents.

Perhaps the biggest losers will be smaller travel agencies, which often lack the volume of business to win extra payments. And some travel agents warn that the new incentives, if they spread, may force them to act against their customers' best interests by steering them to a certain airline. "People trust travel agents, and travel agents can influence some people's choices," said Blake Fleetwood, president of Planetarium, an agency in Manhattan affiliated with American Express.

Some travel agents, including Mr. Fleetwood, had predicted that the airlines would have trouble making the cap stick. History was certainly on their side. In 1983, for example, Delta, Eastern and United refused to go along when American Airlines and Trans World Airlines lowered their commission rates.

To the extent the cost savings that airlines had expected shrink, the latest moves could affect the stocks of a number of carriers. The stocks of several airlines jumped several points last month after they announced in rapid succession that they would follow Delta's lead in capping commissions for domestic tickets.

"This was viewed as a fundamental change in the industry," said Julius Maldutis, an airline analyst at Salomon Brothers. But now that at least some of those touted savings are going to be returned to travel agents, it "is going to cause investors to pause and rethink their exuberance," he added.

The American Society of Travel Agents said that such incentives would hurt smaller agencies the most because they were not being given the opportunity to make up the revenue they expected to lose because of the commission caps. The new caps angered thousands of agents who said the cuts would devastate their industry.

"It does appear that the airlines were essentially winking at some of the larger travel agent partners when they made their original announcement," said Steve D. Loucks, a spokesman for the travel agents' trade group. "The playing field is far from being level."

The Justice Department signaled its concern about such incentive programs in late 1993 when it announced that it was investigating Delta's deals with travel agents in Salt Lake City and the effect of those deals on a smaller competitor, Morris Air. That investigation has since been dropped, but the department said yesterday that it was continuing to investigate the possibility of so-called exclusionary practices, like extra commission incentives, by airlines that dominate certain cities.

Airlines have had difficulty making other industry-leading initiatives stick. The main reason is that every extra fraction of market share is so important to each airline that they often break away from the pack in the hope that they will gain a competitive advantage. That is one reason why America West and Southwest Airlines still offer travel agents a 10 percent commission.

American Airlines learned this lesson in 1992 when it tried to establish a new, simplified fare structure that it called Value Pricing. Many airlines immediately followed, but others did not, and the new system crumbled.

The fallout of the effort, however, offers a parallel to the current capping of commissions. The simplified fare structure from 1992 wiped out the earlier deals for discounted tickets that big corporations had made with airlines. Corporations insisted on restoring

some kind of discount, but the break with the past gave the airlines an opportunity to negotiate new pacts.

Similarly, many large travel agencies have complained to some airlines after the recent capping of commissions that they need a way to make up the reduced revenue while others began charging fees to ticket purchasers to make up some of the loss. An executive at one major carrier, who asked not to be identified, said his airline was negotiating new contracts with those agencies whose support it needed the most.

CONTRACT WITH AMERICA TAX RELIEF ACT OF 1995

SPEECH OF

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 5, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1215) to amend the Internal Revenue Code of 1986 to strengthen the American family and create jobs:

Mr. PACKARD. Mr. Chairman, every person and business in the United States is overtaxed. Whether young or old, a struggling family or an affluent family, a small business or a Fortune 500 company, Government remains a fiscal burden. The tax reform provisions within our Republican Contract with America work to ease this financial load by reducing the size of Government, the size of the deficit and the size of the American tax bite for all people.

Our tax bill represents a historic piece of legislation. It cuts taxes, pays for each dollar of those tax cuts with a dollar in spending cuts, and substantially lowers the deficit by \$91 billion—all at the same time. Simply put, this bill gives the American people back the money that rightfully belongs to them.

Our tax plan embraces the notion that economic growth is economic justice. It promotes savings and investment by getting Government out of the way of the American economy. The fiscal incentives in our tax bill encourage Americans to save more and to invest more. That means more jobs, greater productivity, higher paying jobs and, most importantly, a brighter economic future for our children and grandchildren.

Our tax relief bill represents another Republican effort to cut Government down to size. It is a crucial step on the long road toward restoring our Government's fiscal sanity. Mr. Chairman, Republicans continue to do exactly what they set out to do—make Government smaller, less costly and more efficient.

CANDIS "CANDY" SNIFFEN

HON. G.V. SONNY MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 6, 1995

Mr. MONTGOMERY. Mr. Speaker, on March 28, 1995, I had the bittersweet experience of saying goodbye and thank you to Candy Sniffen who retired from more than 25-year years of exemplary service on the Veterans' Affairs Committee staff. I say bittersweet